

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 EB-11 INT-08 OPIC-12 IGA-02 AID-20

XMB-07 TRSE-00 OMB-01 SEC-03 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 RSR-01 /154 W
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R 261952Z JUL 73

FM AMEMBASSY BOGOTA

TO SECSTATE 8642

INFO /USDOC

AMCONSUL CALI UNN

AMCONSUL MEDELLIN UNN

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E.O. 11652:NA

TAGS: EMIN CO

SUBJ: INTERNATIONAL MINING COMPANY

REF: BOGOTA 5981

1. IN HIS SPEECH AT THE PENING SESSION OF CONGRESS
JULY 20, PRESIDENT PASTRANA USED THE FOLLOWING WORDS
IN SPANISH TO MENTION THE POSSIBILITY THAT THE
PROPERTIES OF INTERNATIONAL MINING WOULD BE
EXPROPRIATED.

2. QUOTE EN VISTA DE QUE LA PROPUESTA DEL GOBIERNO
NO HA SIDO ACEPTADA, Y SON MANIFIESTOS LOS MOTIVOS
DE FALTA DE QUIDAD QUE LA FUNDAMENTABAN PRESENTA-
REMOS EN EL CURSO DE LOS PROXIMOS DIAS A LA
CONSIDERACION DEL CONGRESO UN PROYECTO DE LEY DE
FACULTADES QUE PERMITA AL GOBIERNO DECRETAR LA
EXPORPIACION, SI FUERE NECESARIO, Y RESOLVER
FAVORABLEMENTE UNA SITUACION PARA LA ECONOMIA
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NACIONAL QUE RECLAMA PRONTA DEFINICION. UNQUOTE.

3. TO OBTAIN COMPANY'S REACTION TO PRESIDENT'S WORDS COMMERCIAL ATTACHE SPOKE JULY 25 WITH LOCAL REPRESENTATIVE JOH SWAN.

4. SWAN BELIEVED THAT PRESIDENT'S STATEMENT UNMISTAKEABLY INDICATED SERIOUSNESS OF GOVERNMENT'S INTENTION TO TAKE STEPS FOR EXPROPRIATION IN NEAR FUTURE. HOWEVER, HE INTERPRETED PHRASE QUOTE SI FUERE NECESARIO UNQUOTE TO MEAN PRESIDENT LEFT DOOR SLIGHTLY AJAR FOR FURTHER NEGOTIATION.

5. EMBOFF SUGGESTED THAT, ALTHOUGH WE COULD NOT PRESUME TO JUDGE MERITS OF CASE, COMPANY SHOULD NOT ASSUME OVERMUCH REGARDING THE WIDTH OF THIS CRACK IN DOOR. SWAN REPLIED THAT HE HAD PREVIOUSLY RELAYED OUR OPINION ABOUT SERIOUSNESS OF GOVERNMENT'S PURPOSE TO CHAIRMAN HARDER AND PRESIDENT O NEILL IN NEW YORK. (EMBOFF ALSO GAVE OPINION DIRECTLY TO HARDER JULY 12). HE THEN REITERATED OLD COMPANY POSITION REGARDING NEED TO CONSULT SHAREHOLDERS. HE REPEATED THAT SHAREHOLDERS WOULD NEVER PERMIT TURNING OVER 51 PERCENT OF SHARES FOR NOTHING AND MENTIONED THAT SECURITIES AND EXCHANGE COMMISSION WOULD NOT COUNTENANCE DIRECTORS TAKING SUCH DECISIONS WITHOUT AGREEMENT OF SHAREHOLDERS.

6. ASKED WHETHER DIRECTORS HAD TAKEN ISSUE TO SHAREHOLDERS, SWAN SAID, YES, THE DIRECTORS HAD BEEN IN TOUCH WITH SHAREHOLDERS, BUT HE DID NOT KNOW QUOTE DETAILS OF SHAREHOLDERS REACTION UNQUOTE. SWAN ADDED THAT SHAREHOLDERS SHOULD PERHAPS BEGIN THINKING IN TERMS OF CUTTING THEIR LOSSES, THOUGH HE WOULD CERTAINLY NOT WANT HIS REMARKS RELAYED TO HARDER AND O NEILL. SWAN HAS STATED PREVIOUSLY THAT HARDER AND O NEILL THINK OF SITUATION AS POKER GAME, BELIEVING THAT GOC IS EXTREMELY RELUCTANT TO IMPAIR IMAGE BY EXPROPRIATION. SWAN HAS APPARENTLY NOT MADE MUCH HEADWAY IN CONVINCING HARDER AND O NEILL THAT HARDLINING PUBLIC STATEMENTS BY PRESIDENT LIMITED OFFICIAL USE

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AND MINISTER OF MINES, EVEN GRANTING SOME WILLINGNESS TO NEGOTIATE, WILL BE DIFFICULT TO RETRACT.
WHITE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BOGOTA06138
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730710/aaaaagzr.tel
Line Count: 110
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 BOGOTA 5981
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by collinp0>; APPROVED <08 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERNATIONAL MINING COMPANY
TAGS: EMIN, CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005